

Major Health Insurers Sue Tobacco Companies
By Patricia Wilson

Reuters
4/29/98

WASHINGTON (Reuters) - The nation's largest network of health insurers Wednesday filed lawsuits against major tobacco companies seeking billions of dollars in compensation for treating smoking-related illness.

The Coalition for Tobacco Responsibility, representing 25 million Blue Cross and Blue Shield insurance policyholders in at least 35 states, said they had filed the suits in federal courts in New York, Chicago and Seattle.

They gave no specific figure for the amount of damages sought but said it would be many billions of dollars.

"Millions of participants in our plans -- whether or not they smoke -- have suffered because the tobacco companies continue to produce and vigorously market an addictive product," Dr. Michael McGarvey, chief medical officer of Blue Cross and Blue Shield of New Jersey, told a news conference.

"These suits are our effort to begin to improve public health by changing the behavior of the tobacco industry," he said.

The lawsuits allege conspiracy, fraud, misrepresentation, violation of federal racketeering and antitrust laws as well as other claims. Blue Cross and Blue Shield provides health care coverage for one in four Americans, or 68.7 million people, in all 50 states. It is the 19th largest employer in the United States.

The new lawsuits dramatically escalate the troubles of the tobacco companies, which are under attack from the federal government, states and public health advocates.

Tobacco companies had hoped to end most of the litigation against them in a proposed settlement they negotiated with states last June. But this month they abandoned efforts to get that agreement approved by Congress and instead vowed to defend themselves in court.

Historically, the tobacco industry has fared well in court, but many legal experts predict that will gradually change. The public -- from which jurors are drawn -- has grown more skeptical of the industry and tens of thousands of documents have come to light that could hurt the cigarette makers.

On Tuesday, the nation's fifth biggest cigarette company, Liggett Group, agreed to cooperate in the government's criminal investigation of the tobacco industry.

Prior to Wednesday only the Minnesota branch of Blue Cross and Blue Shield had filed a lawsuit against cigarette makers. That case is about to go to a jury in St. Paul.

Minnesota Blue Cross Chief Executive Andy Czajkowski congratulated the coalition "for seeking to hold the tobacco industry accountable for its illegal conduct and lies."

"The documents revealed as evidence in our trial show the tobacco industry's deception and manipulation of the public. These documents have paved the way for others to follow suit," he said in a statement.

Among the states represented in the coalition were Blue Cross and Blue Shield of Michigan with 4.4 million members, Illinois with 2.9 million, California and Florida with more than 2 million, New Jersey with 2 million and Texas with 1.8 million.

The lawsuits allege that the tobacco industry concealed the addictive nature of smoking, manipulated nicotine levels to make cigarettes more addictive and conducted research and marketing campaigns targeting teen-agers and children.

According to a Treasury Department report, tobacco-related illnesses cost the economy \$60 billion a year in direct health care costs.